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Fifty percent of middle-aged would run out of money in six months if they stopped working

New research by Alliance Trust Savings finds almost half (45%) of middle-aged people who currently have an above average income would run out of money within six months of losing their main income. This rises to two thirds (67%) of those with £499 or less available to spend each month, highlighting the fragility of mid-life finances.

The nationwide survey of 1,000 45 to 55-year olds with either individual incomes of £35,000 or more a year or household income of at least £60,000 and some level of household savings, was carried out to shed more light on the challenges faced by people in their mid-life years. It revealed that large numbers would struggle to survive on their savings and investments for much more than three months in the event of losing their main source of income. Across the nation, 45% would survive no longer than six months on their savings and investments in the event of losing their main income, and the figure rises to 67% for those who have a monthly disposable income of £499 or less to spend each month. Even those with more than £1,000 disposable income per month would struggle to stay afloat long term if they lost their main income, with over a third (35%) saying they would get into financial difficulty after six months.

The survey also asked whether respondents had a retirement plan in place and how they were most likely to fund retirement:

- Although one in three people have clear goals for how and when they'll retire and financial plans in place, 13% said they don't know how or when they'll be able to afford to stop working and retire.
- Almost two thirds of people are relying on the state pension as part of their retirement planning, including 67% of those with disposable income of £750 to £1,499 a month.
- A third (33%) of people with two children expect to work past their state pension age to compensate for saving too little for retirement, compared to a quarter (26%) of all respondents.
- A quarter (23%) of separated or divorced respondents to say they don't know how or when they'll be able to afford to stop working and retire, compared to 13% of all respondents.
- People in the highest disposable income brackets are most likely to fund their retirement with rental income from a property they own.
- Respondents with the least disposable income are the most likely to work into retirement, with private pensions, savings and investments more prominent as disposable income increases.

Sara Wilson, Head of Platform Proposition at Alliance Trust Savings, commented: "With much of the recent focus on younger generations and those in or at retirement, it can be easy to overlook the scale of the financial challenges facing people in their mid-life years. While the late 40s and early 50s can be seen as a time of stability and security, for many it is anything but. From ill health and insecure

employment to the demands of children and the effects of separation or divorce, those in their middle years can be vulnerable to a range of financial difficulties and potential shocks.

“Our research shows that in the mid-life years, managing current financial demands while saving for later in life can often be a tall order. Putting plans in place, keeping a close eye on them and seeking professional advice where necessary is essential in enabling people to get the best out of their finances and take the stress out of the mid-life years.”

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For more information, please contact:

Jenette Greenwood, the lang cat
Telephone +44 (0)7710392303
Email jenette@langcatfinancial.com

Notes to editors

About the research

The research was undertaken by Boring Money in September 2017. It is based on a nationwide sample of 1029 people, with either individual incomes of £35,000 or more a year or household income of at least £60,000, and who had some level of household savings.

About Alliance Trust Savings

Alliance Trust Savings is a leading provider of SIPPs, ISAs and Sharedealing Accounts. In 2016, Defaqto awarded the platform a maximum five stars for its proposition indicating that it represents one of the best quality offerings in the market. It was named Best SIPP (Funds only) 2016 by Money Observer, Best ISA Provider 2016 and Best SIPP Provider 2015 by Shares Magazine and was highly commended by Moneywise as a Low Cost SIPP Provider in 2015 and by Professional Adviser as Best D2C Platform in 2016. More information on Alliance Trust Savings and its products is available at www.alliancetrustsavings.co.uk.

The Alliance Trust Savings business marked its 30th anniversary in 2016. As at 30 June 2017, it administered £15bn of assets across over 110,000 customer accounts. Alliance Trust Savings is a subsidiary of Alliance Trust PLC, which was founded in 1888 and has grown to become one of the UK's largest generalist investment trusts by market value.

Alliance Trust Savings is a founding member of KickStart Money, a ground-breaking project delivering much needed money skills to thousands of schoolchildren across the UK. Working alongside fifteen other leading UK financial services companies and the Tax Incentivised Savings Association (TISA), we have a shared goal of contributing an initial investment of £1 million to take financial education to nearly 18,000 children in 100 primary schools.

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